

*Hon. J. C. Richardson
with the compliments of
C. Beck.*

ON THE CONSOLIDATION
OF THE
WORCESTER AND WESTERN RAILROADS.

BY CHARLES BECK.

EXPLANATION.

A few words are required to explain the reasons which induced the writer of these pages to make his views on the subject of the Consolidation of the Worcester and Western Railroads known. It will be remembered that this important subject having been referred to the Committee on Canals and Railroads, the majority of the Committee made, towards the close of the session, an oral report adverse to consolidation, while Mr. Hopkins, Chairman of the Committee on the part of the House, made a very able and elaborate report in favor of the measure. Some surprise, not to say indignation, was expressed in some quarters at the proceeding of the majority in not preparing a written report. Whatever may be thought of this omission, it was not owing to the fact that the Committee had not spent sufficient time, and devoted sufficient attention, to the investigation of the subject.

If I had not, during the closing weeks of the session, been kept by sickness from my seat, when the report came before

the House, I should have availed myself of an opportunity to explain and justify my assent to the majority report. What I could not say then, I wish to say now, — that I have conscientiously endeavored to collect all the facts in the case, to listen attentively to the able arguments for and against the measure, and to form my own conclusions. Not being a business man, and least of all a railroad man, I think it very probable that I may have misapprehended facts, overlooked important circumstances, and drawn erroneous conclusions. All I claim is, that I was earnest and zealous in my search after light, and brought to the investigation that very moderate share of common-sense with which Providence has endowed me. Possibly the very fact of my practical inexperience in railroad matters may have saved me from the danger of yielding to pre-conceived notions, and enabled me to look at the subject free from any bias. My colleagues of the Legislature of '64, to whom I think an account of my share in the matter due, will form their own independent opinion.

THE CONSOLIDATION OF THE WORCESTER AND WESTERN RAILROADS.

In considering the subject of the Consolidation of the Worcester and Western Railroads, referred to the Committee on Canals and Railroads, it should be borne in mind that the question is the simple, practical one, whether the petition for the consolidation of the two roads should or should not be granted; and not the general question, whether Massachusetts should or should not adopt the policy of consolidation. Mr. Hopkins, in his able and interesting report, chose to travel beyond the limits of the subject referred to the Committee, and discuss the latter subject. The starting from an ingenious theory, and deducing therefrom the principles which are to regulate action in single cases, has something very attractive; but the safer method is to act wisely, justly, and circumspectly on the individual cases as they present themselves, and construct, naturally and logically, from a sufficient number of individual cases, a policy. A definite policy should be a result — not a starting-point; it should grow — not be made. It is undoubtedly true that, to some extent, every one who wishes to act satisfactorily in a particular case, must have formed some general principles which are to govern the individual cases; but great care should be taken not to indulge in the building up of a fair theory, and then, when a particular case is to be acted upon, to be either obliged to abandon the theory in order to do justice to the existing emergency, or to cling to the pre-conceived theory to the injury of the interest immediately to be attended to.

I have no pre-conceived theory on the subject of consolidation. I consider it as a practical question. A railroad must be of a certain extent to be worked profitably. A railroad of a few miles in length must have as much rolling-stock and as many men as another of twice or thrice its length. The shorter road has employment for its rolling-stock and men a portion only of each day, — both the rolling-stock and men being idle the remainder of the day, — and, consequently, to this extent, a non-remunerating investment. Such a road will very soon be bankrupt, unless it finds safety in consolidation with another road. For if it attempts to retrench its expenses by reducing its equipment, it will fail to satisfy the just expectations of the community, as to regular and efficient accommodation; or if it attempt to keep up a sufficient equipment without having full employment for it, the outlay will soon exceed the income. I have, however, no doubts whatever that consolidation must have a limit, beyond which it works injuriously. The point where it may or should cease, and independent action commence, is evidently when a road is able to keep up and employ constantly, and therefore with profit, an equipment which satisfies all the just demands of the business community. This point may be reached by one road of twenty-five, by another of thirty, by another of forty miles. The length of a road is not a decisive criterion; other elements come in to affect the result. But when a railroad has reached the point of independent and self-sustaining action — that is, when, in order to live, it does not depend on union or consolidation with another road — the policy of consolidation should cease, and that of co-operation begin. Before this point of independent, self-sustaining action is reached, consolidation is the proper policy.

This being my opinion of consolidation, instead of adopting and advocating a general theory, favorable or hostile to consolidation, I prefer to examine, carefully and conscientiously, any given case, with due regard to the interests of the community at large, of the stockholders, and of particular interests. In this spirit, without any pre-conceived theory, I propose to

consider the present question, whether it is, or not, advisable for the Committee to recommend to the Legislature the granting of the petition for the Consolidation of the Worcester and Western Railroads. I will take it for granted, that a majority of the stockholders of both corporations favored the object, although it must be confessed that the evidence on this point was, to say the least, extremely confused and unsatisfactory. Certainly, the election of a Board of Directors in one of the corporations, opposed to consolidation, leaves it extremely doubtful how much weight is to be attached to the petition. I may the more easily leave this matter out of consideration, because, even if the stockholders of both corporations were unanimous in their wish for consolidation, this unanimity would undoubtedly be an important element with the Legislature in forming their decision, yet it would not be a decisive reason for granting the petition. For as the Legislature considered other interests as well as those of the stockholders when they originally granted their charters, so they are in duty bound to consider those other interests when a very material modification of the charters is asked for.

What are the reasons in favor of the consolidation of the two railroads; or, in other words, what are the benefits anticipated from this consolidation?

The benefits are of several kinds. Some look upon consolidation as the only means of terminating the long-continued and apparently irreconcilable disputes concerning the division of profits. Others expect from it a more economical management, and, consequently, either greater profits to the stockholders or a reduction of prices for the benefit of the public. Still another party, and unquestionably the most important as to number, influence, and character, demand consolidation as the only means for restoring the declining commercial prosperity of Boston.

I. THE CONTROVERSY CONCERNING THE DIVISION OF PROFITS between the two railroads has lasted so long, and has at times been carried on with so much feeling, that it is undoubtedly for

the interest of all to terminate it; and, if consolidation will bring about this desirable end, it deserves, for this reason alone, serious consideration.

Of the many witnesses who appeared before the Committee, none treated of this branch of the subject with greater fullness than Mr. Chapin and Mr. Mason. While Mr. Mason sketched with great distinctness the outline of the history of the controversy, Mr. Chapin furnished many most valuable details. Mr. Mason, after stating that the controversy has lasted for twenty years, and after giving a full and accurate account of the several attempts to settle the difficulty by an award, just in its principle and satisfactory to the parties, but which, after trial, proved unsatisfactory, and was repudiated by one or the other party, declares that, in his opinion, it is impossible to discover a just principle by which the claims of the two parties may be adjusted, and that everything but consolidation has been tried, and failed. It is the conviction of Mr. Mason, a conviction in which Mr. Chapin emphatically concurs,* that these differences can never be settled till the companies are united and their interests identical. Mr. Chapin, in one place of his statement, expresses himself very briefly, but very strongly, concerning the difficulties between the two roads: "When you come to the relations of the Boston and Worcester Railroad and the Western Railroad, you find that we are interested in everything that passes Worcester, and they are interested in it, and so many questions come that we can not settle. I have almost wondered myself that we can not; but such is the fact. We can not and do not."

It will be seen that this opinion, that consolidation is the only means to terminate the controversy between the two roads, is certainly not based upon experience. All that can be

* The language of Mr. Chapin on this point is: "I think it for the public interest — the interest of the people along the lines of the roads, and of the people in the eastern part of the State, who do a large part of their trade with the West by this route — that the two roads should be consolidated."

said in its favor is, that all other means having failed to bring about a satisfactory arrangement, it is possible that consolidation, which has not yet been tried, may do it — certainly a very slender basis for so important a measure as the consolidation of two great and powerful corporations.

But a moment's consideration will show that consolidation does not furnish the desired relief; and this will become most apparent when we consider the mode of bringing it about. It is taken for granted that this important measure is not to be carried out by an arbitrary, high-handed decision of the Legislature, disregarding the rights and interests of the parties, but by a voluntary arrangement of the two parties, based upon a just appreciation of the rights of each. It will be apparent that the same difficulty, which has so often rendered a temporary arrangement between the two railroads impossible, or, when tried, unsatisfactory to the one or the other party, returns with redoubled force. It must be plain to any intelligent and fair man, that a permanent union or consolidation, duly respecting the rights of the parties, involves the same points which have formed the elements of the several temporary arrangements or awards. Are the shares of the two roads to be considered of equal value, or are the shares of one road to be considered of more value than those of the other; and, if so, of how much more value? The value which each party attaches to its road (including the expense of land damages, construction, depot and merchandise accommodation, etc.), and to the service which the road performs, is, of course, an element of the value of the stock, and will be as little, or even less accepted by the other party in the case of a permanent arrangement or consolidation, than in the case of the temporary ones, all of which have, after trial, been rejected by one of the parties, or sometimes by both, as altogether unequal and unfair in their operation. But the difficulties which a scheme of consolidation has to encounter, in consequence of the different values which the two parties attach to their property, are not only the same in kind as those experienced in making a tem-

porary arrangement, but they are greater in degree. If a temporary arrangement proves unjust to one of the parties, the injustice may be borne from a consideration of the early termination of the arrangement. But if a permanent arrangement proves unjust, even the comfort of looking forward to the time when it will cease, will be taken away, for the very reason that the connection is permanent. It is not to be expected, therefore, that a permanent arrangement, which, of course, will labor under some of the imperfections, on account of which the several temporary arrangements or awards have, after trial, been repudiated by one or the other party, will be entered upon by the parties who know that, if the arrangement proves unjust, there will be no means of escaping the result or remedying the injustice. Under these circumstances, seeing the improbability of an arrangement being hit upon that will be just and satisfactory to both parties, I for one am not prepared to advise the Legislature to authorize a consolidation of the two corporations.

While Mr. Mason does not seem to be aware that, to say the least, it would be as difficult to settle the terms of consolidation as it has proved to agree upon those of a temporary arrangement — (he certainly does not, in his argument, advert to this phase of the subject) — Mr. Chapin does not overlook it. He says: "I think we can fix upon terms of union, although we cannot upon terms of division; because, in fixing upon terms of union, we should fix upon facts as they exist. When we attempt to fix upon a division of future business, we are fixing it upon facts which have not yet come to light. In fixing the terms of union, I should think the prospective value of the two roads would be a fair element. If I were going to fix upon the elements that should govern such a calculation, I should want to sit down and examine subjects that might now escape my mind. The value of the property, as property for producing an income, would undoubtedly be one of the first elements. Perhaps that covers the whole; but there are minor things. The value of the roads, as sources of present

and prospective income, would be the main thing. I do not think there is so much danger of doing injustice to the stockholders, in determining the value of their property, as in determining upon a division of the profits; because we have got the present condition of these roads, and the amount of money which each has earned, from its first start down to the present, is capable of being demonstrated, every dollar of it." I should be inclined to differ from Mr. Chapin, and say, that to fix upon the terms of a union is not only not easier but more difficult than to devise a scheme of dividing the earnings, because an additional element enters into the account, which Mr. Chapin himself admits to be a legitimate element, viz., the capability of future development; or, as Mr. Chapin calls it, "the prospective value of the two roads." Mr. Chapin admits that he has not examined this branch of the subject, and yet he ventures to say that he can fix upon the terms of union. When he undertakes an examination of the prospective value of the two roads, he will find it a very thorny subject, and the result at which he will arrive, and honestly, too, will prove to be merely the opinion of an individual, from which another individual, whose judgment is entitled to equal respect, will differ. Who is bold enough to say what will be the prospective value of the two roads, a thing subject to so many contingencies which, by a shrewd man may be guessed at, but which it is impossible to foretell with precision. And yet this prospective value of the property is an element, and an element that cannot be winked out of sight, in settling the relative value of the two kinds of property. It seems to me that the more this matter of the prospective value of the two roads is considered, the more evident it will be to every one, that, so far from its being easier to agree upon the terms of an union than upon the terms of dividing the earnings, it is more difficult; because it is a matter of opinion on which the most intelligent, experienced, and honest men may differ, and because it depends on contingencies which may or may not happen. If it has been so difficult to discover a principle or system of dividing fairly

and satisfactorily the earnings of the two roads, a matter in which nothing but facts and items capable of the most accurate calculation are to be considered, how can it be expected that an harmonious arrangement can be effected in a matter in which, in addition to the difficulty of dividing the earnings, — because these go to make up, in part, the value of each property, — another element comes in which is merely a matter of opinion, incapable of calculation or demonstration; namely, the prospective value of the stock.

It is unnecessary to dwell longer on this point. Not one of the advocates of consolidation, with the exception of Mr. Chapin, has even alluded to the practical difficulties of arriving at a fair and equitable adjustment of the terms of consolidation. Mr. Chapin is evidently too much a man of practical good sense to overlook this matter of the prospective value of the two roads, as an element in settling the terms of the union; but he has not examined it, and neither he nor any other advocate of consolidation proposes a plan of consolidation indicating what value, both present and prospective, he attaches to each stock. Until such a plan is offered, showing that there is a reasonable prospect of a satisfactory result, it can not be expected of the Legislature to authorize the preparatory steps of consolidation.

While I appreciate, to some extent, the difficulties which have been experienced by the two corporations in dividing their earnings in a fair and satisfactory manner, I cannot persuade myself that the common and sound principle of letting business take care of itself should, in this case, be inadequate and powerless. If co-operation, or an arrangement embracing several roads, is for the interest of the several roads, and, of course, of the public, such an arrangement will be made. It may be difficult to ascertain precisely the amount of labor done by each party, and the amount of profit to which it is entitled for that labor, but I can not believe it to be impossible. Mr. Chapin states: "that until 1854, there was no system by which freight could be billed from Boston to any

point west of Buffalo." "The first step towards remedying this difficulty was taken in July, '54, at a meeting held in Albany, at which all the roads from this to Chicago were represented,—that is, the Michigan Central, the Great Western, the New-York Central, the Western, and the Boston and Worcester roads,—and the Boston Board of Trade." Mr. Chapin says, later: "These difficulties have been constantly lessened and lessened as competition has increased." This is the tendency of a free business. It will be so, nay, it has been so, in the co-operation between the Western and Worcester roads, as it has in the arrangements with the Western roads, so far as it is for the interest of all parties concerned. To press beyond that point may benefit, for a time, some one branch of business, some one interest, but the law of compensation will soon make itself felt.

II. ECONOMY OF MANAGEMENT. Almost every one who has appeared as a witness in favor of consolidation, has expressed the opinion that a union of the two roads would be followed by a more economical management, which would, of course, result in greater profits to the stockholders and cheaper prices to the public. Yet this testimony did not remain uncontroverted, inasmuch as many of the witnesses asserted that consolidation would not result in a reduction of expenses.

On this branch of the subject, we have again the weighty testimony of Mr. Chapin, which deserves careful consideration. He says: "In regard to the matter of consolidation, while I believe the present arrangement has been carried out with a good understanding, and perfectly pleasant and amicable relations between the several companies (for although we have differed a great many times, very considerably, in our views of the way in which business should be done, we have generally reconciled these differences one way or the other), yet if there had been but one interest, I can not but believe that the business could have been done very much more efficiently. I believe that if the surplus stock and help that are now upon the roads between Albany and Boston were all under one

direction, it would increase the amount of work which could be done, very considerably, and no interest suffer from it."

"In operating the road, I have had occasion several times to see how much work we could get from our engines and men. In order to have men enough to run our engines and do our work at all times, and do it promptly, we are obliged to have more men than we can use all the time; for our work is not like some other kinds of work, running uniformly every day, but varies considerably. I have found that when we get twenty days' work a month out of an engine, we get a full average, and many times four days' work of that time (task?) has been done between Sunday, at 3 o'clock, and the next Tuesday, at 3 o'clock. For instance: at the Albany end, we run a stock-train for the Harlem road, at 3 o'clock, Sunday; and then the regular business on Monday morning takes all the engines we have got. They get back to Albany about 3 o'clock, and then it is time for the Brighton stock-train to start; and by the time they get back, it is time for the regular trains on Tuesday to start; and then, the stock-trains being over, the rest of the week the work is lighter; and the less surplus help we have, in order to meet such emergencies, the less time is lost by the men lying over the time when the business is light."

Mr. Chapin does not carry out his illustration, but it is plain what he is aiming at. He wants to show that the business at the Albany end of the road, requiring surplus engines and men, between Sunday, 3 o'clock, and Tuesday, 3 o'clock, to carry the stock-trains, if there should be a similar pressure of business some time between Tuesday, 3 o'clock, and the following Sunday, 3 o'clock, somewhere on the Worcester road, the surplus engines and men at the Albany end, if under the control of one corporation, could be advantageously employed on the Worcester road. This is unquestionably true; but in order to make out his case, Mr. Chapin must prove two things, viz.; first, that there exists such a pressure on the Worcester road, and, secondly, that this pressure occurs just between Tuesday and Sunday, when there is a lull near the western

end at Albany. But Mr. Chapin does not adduce any facts to prove this, and rests satisfied with the theoretical inference which he does not even take the trouble of stating, that the surplus engines and men at the Albany end of the road, if under the same direction, might be profitably employed on some part of the Worcester road. Any one will see at a glance how much of the argument is merely hypothetical, unsupported by facts. If the Legislature are expected to authorize so important a measure as consolidation, they ought certainly to have a firmer basis for their act than a mere conjecture, however probable, and however deserving of attention as coming from a railroad man of large experience.

In another part of his statement, Mr. Chapin says: "It would reduce a great many of the expenses of the roads very considerably; to what extent is a matter of conjecture, or opinion, but I should have no hesitation in saying that it would reduce the joint expenses more than five per cent. But the great advantage would be gained, in my opinion, from the greater efficiency that would be given to the road for doing the business. If the rolling-stock of the present two companies was under the direction of one, it would add to the ability to do the business twenty per cent., perhaps more; because all the surplus which each road now has would then be brought to bear upon any point. Our business is not equal; it presses sometimes at one point and sometimes at another. Like all business, it has its ups and downs."

Mr. Chapin, here, as in the extract above, confines himself to a mere assertion—an assertion which, I confess, appears extremely plausible, but which is not proved. If he had given us *facts*, which must be in his possession, to show that in the majority of cases, if not always, the pressure of business on one part of the road occurs when there is a lull on another, the argument would assume a very different aspect. As the case stands, without further evidence (and here I must reiterate the expression of my regret that, rich in facts as the statement of Mr. Chapin is on many points, he has not furnished the facts

which are needed to raise his assertion, or conjecture, on this point, to a convincing argument), I must think it quite as probable that the pressure of business may occur simultaneously on different parts of the road, so that the surplus of rolling-stock and men may, at one and the same time, be needed on several portions of the road, and the profit expected from a more economical employment of the equipment will prove illusory.

Considering, then, that Mr. Chapin is the only witness called by the friends of consolidation who made an attempt at explaining how the two roads, when consolidated, could be managed more economically, it is, perhaps, unnecessary to quote the testimony of some of the witnesses called by the opponents of consolidation, tending to prove that the saving in the management of the consolidated roads, if any, would be trifling. Mr. Washburn stated "that both roads together cannot be run with one man less, and that it is bad economy to employ inferior men;" and again: "the consolidated road could not be managed more cheaply than the separate ones." Mr. E. W. Lincoln states: "Consolidation would not save expense between Boston and Worcester. I do not know about the Western road. The only saving would be in clerks who make the settlements; possibly one Treasurer might do, but he would require an Assistant-Treasurer." Mr. Homer says: "Consolidation would not reduce expenses. The only saving might possibly be the Treasurer; but the one Treasurer would have an higher salary."

Considering, then, that with one exception (the employment of the rolling-stock and men over the entire extent of the two roads), Mr. Chapin does not point out where and wherein the management of the two roads would be rendered more economical by consolidation, that he contents himself, as all the witnesses called by the friends of consolidation, with the simple assertion that consolidation would result in greater economy, which would, of course, accrue to the advantage of either the stockholders, in the shape of larger dividends, or the

public, in the shape of lower prices — an assertion which is controverted by the testimony or opinion of the witnesses on the other side, that consolidation would not result in greater economy of management — would the Legislature be justified in authorizing an act of consolidation which is, to say the least, so very doubtful in its result? I, for one, am not prepared to take the responsibility of advising such action.

III. BENEFIT TO THE COMMERCE OF BOSTON.—The third consideration, which was urged with greater and more persistent zeal than either of the two preceding considerations, is that consolidation would resuscitate the declining commercial prosperity of Boston. Mr. Jewett, the counsel for the Boston merchants and the Board of Trade, pressed this point with great vigor, asserting "that while the interests of the stockholders and the local communities had been looked to, the interest of the public at large had been neglected. The roads had failed to make Boston more an exporting port, and consolidation would do this; that it was the interest of the State to compel the roads to consolidate." Mr. Converse stated "that the New-England trade was inadequate to make Boston what it ought to be, if we had the whole of it."

Some might, perhaps, object that this was legislating in favor of a particular interest or class. I do not. I entertain no doubt whatever, that, if the commerce of Boston should be extended by consolidation, or any other measure, the benefit would not be confined to the merchants of Boston, but would be felt by every class in every part of the State. My difficulty lies in another direction. The question which naturally presents itself to me, and to any unprejudiced mind, is: What are the impediments in the way of a greater and more rapid expansion of the trade of Boston, and how is the consolidation of these two railroads to remove them?

Considerable testimony was offered to show that the transportation of merchandise, from and to the West, was subject to expense, delay, loss, and other inconveniences. The testimony on this point came from too respectable sources to admit

of doubt as to its truth. Yet, upon a closer investigation, it turns out that the cases complained of all occurred somewhere west of Albany. Mr. Richardson, who has, on the whole, given the most precise account of these inconveniences, to which the transportation of merchandise from and to the West is exposed, expressly states that they all occur west of Albany. Mr. Chapin refers briefly to this subject: "I do not know that any freight on the other side of the river at Albany has been delayed, because we had not cars to bring it on. We have been obliged to get cars from our neighbors, but we have brought it on." How can the consolidation of two railroads in Massachusetts prevent irregularities on the railroads of New York, Ohio, Illinois, etc.? The consolidated road would, of course, have no direct power over those roads. All that could be expected would be that the consolidated road, being a greater and more powerful corporation, might make its influence upon other roads more effectually felt. I will not advert here to the very serious consideration that the consolidated corporation, being supposed strong enough to regulate and control railroads beyond the borders of Massachusetts, might exercise an equally irresistible influence over its competitors within the State. But supposing a perfectly legitimate use, by the consolidated corporation, of its increased power and influence, it would unquestionably have to meet the counter-influence of the roads terminating at Portland, New York, Philadelphia, and Baltimore.

It seems to me that the friends of consolidation, who expect so great benefit from the measure for the commerce of Boston, overlook one very important circumstance; namely, the greater distance of Boston from the West, as compared to the other ports. That distance is some sixty miles. That difference of distance must be annihilated, both as to time and expense, before Boston can successfully compete, in this particular branch of business, with the other cities. Can merchandise trains be run so much more rapidly as to annihilate the difference of distance? They may, perhaps, but necessarily with

increased expense. But this is not all. The expense for the sixty odd miles must be defrayed by some one. Who is to defray it? And if somebody were willing to bear this additional expense, would not the roads to New York, Philadelphia, etc., be able to underbid the road to Boston, and go on doing so until the consolidated road was financially ruined, or must retire from the contest? And in spite of this difficulty and danger, we have the respectable testimony of Mr. Richardson, that, even now, the Western and Worcester Railroads carry freight as low as the Pennsylvania and New York roads. It is difficult to see what more consolidation can effect.

Much stress has, during the examination of the subject, been laid upon the fact that Massachusetts has the advantage over New York, because the river navigation being closed on an average for four months, the West has no other outlet but the Western Railroad. Mr. Chapin remarks on this point: "I contend that for four months in a year, Boston is as near the West as any other sea-board city, and can bring freight here as cheaply as it can be carried to any other seaport." This is no doubt an advantage, and I am not inclined to undervalue it. But I doubt whether a branch of business, which, after four months, ceases for the remaining eight months, can, on the whole, be very profitable, or considered firmly established. It naturally requires an equipment of the railroads for the purpose of doing the increased business of the four months, which must necessarily lie idle during the remaining eight months. I touch upon this point with diffidence, because I am too little of a business man, and am too little acquainted with railroad management, to claim the right of having or expressing an opinion; but the necessity of an equipment, which can be employed for one-third of the year only, seems to me indisputable. Granting, however, for the sake of the argument, that this periodical increase of business during the four winter months is profitable, is it dependent on consolidation? Certainly not.

But while some of the business men of Boston are so

urgent in their demands upon the two railroads to do all in their power—possibly at the expense of some of their legitimate duties to the community at large—to aid the commercial interest of Boston, is it unfair to inquire whether the business men of Boston have done all in their power in pursuit of the same object? Have they furnished shipping to transport to Europe and other countries the produce which can be brought to Boston?*

The statement of Mr. Chapin on this point is conclusive. He says: “When you come to the ‘rolling freight,’ the copper from Lake Superior, the cotton from Memphis, the flour from St. Louis, the provisions from Chicago and Cincinnati, the Western roads will all of them pro rata (a new verb, but perfectly intelligible) with us from the place it starts from to this point; and therefore the difference in cost, in consequence of the increased distance, does not fall wholly upon this line of road, but is divided over the whole length of the route, and enables us to fill up our line with business, and bring the freight forward to Boston, if we can only get you to take it away. That is the only difficulty. We might have brought to Boston, last winter, any quantity of freight—far beyond what we have any ability to bring here—if there had been any outlet for it. There is not so much communication here with Europe as there is from New York. There are no steam-freight lines from here, not so much shipping, and the communication is not so frequent.” And in another place: “We have brought freight from the West to the extent of our (Western Road) rolling-stock. If there had been a better outlet, we could have brought more, because the Boston and Worcester Railroad have had rolling-stock lying still all winter.” This statement is corroborated by the very respect-

* A similar case is discussed in the *Boston Daily Advertiser* of Dec. 14 and 15; namely, the want of immediate steamboat communication between Boston and New Orleans. An instance is mentioned of a Boston merchant having 4000 barrels of flour waiting at New Orleans for shipment to Boston, and not knowing how to bring it to Boston, except by way of New York.

able testimony of Mr. Richardson, who declares that freight from Boston to Liverpool is higher than from New York to Liverpool,—a testimony confirmed by Mr. Tobey.

The expressions, “if we can only get you to take it away,” and “if there had been any outlet for it,” are pregnant with meaning. The men of business of Boston do not, of course, demand that the railroads are to furnish this “outlet,” and do for them what they ought to do themselves. And yet they advocate the consolidation of the two roads, on the ground that consolidation will aid and increase the transportation of freight from the West to Boston, when confessedly they do not provide the means of “taking away” that quantity which the two roads, in their present condition, might deliver in Boston. The demand of the men of business of Boston would be made with better grace after they had done what they, and they alone, can do; namely, furnish the means of transportation, and at prices as low as at New York.

I ask again, would it be wise and just for the Legislature to authorize a measure highly doubtful in its result, and which would probably seriously affect the rights and interests of the stockholders, for the benefit of parties who have confessedly not yet done what is absolutely necessary to render the expected benefit possible.

A misapprehension appears to me to lie at the bottom of this idea that the commercial interest of Boston requires the consolidation of these roads. The misapprehension to which I refer is the belief that Boston can be made a second New York, competing with the latter precisely in the same branches of business to which New York owes so great a portion of its prosperity. Nature is against this. The geographical position and conformation of Massachusetts render such an attempt abortive. But while Boston can not do precisely what New York does, it can do a great many things as well as New York, and a great many other things which New York can not do. I entertain no doubt whatever that Boston can be a growing and prosperous community, as indeed it is and has been, but not

precisely after the model of New York. Boston has already branches of commerce and industry of its own with which no other city of the Union can compete; the capital, intelligence, and energy of Boston, if rightly directed, will develop these more fully, and open new ones, and Boston will reach and maintain an eminent position of its own.

The gradual improvement in the mode of doing the transportation business between the West and Boston, to which Mr. Chapin refers in several places of his statement, points out the true policy. This policy is to act in concert with other roads, by means of agreements, or arrangements, or contracts, or whatever other term may be chosen,—in one word, by co-operation. This co-operation of independent roads should be secured by fair, mutually-beneficial agreement. Interest, not springing from narrow-minded and blind selfishness, but guided by a liberal, far-seeing desire of gaining the greatest advantages with the least sacrifices, is here, as in all branches of business, the surest basis.

The testimony of Mr. Chapin shows, that this policy has been pursued by the two Massachusetts roads, and, apparently, with success. In one place he says: "We have arrangements now by which we bill freight and ticket passengers over the roads generally. There is not a town in Ohio, with two thousand inhabitants, that can not to-day take a bill of lading in Boston and send it south of the Ohio River, north to the lakes, or west to the next largest railroad; so that, in point of fact, for a large portion of this business, we are already consolidated. The arrangements are many of them imperfect, but they are being perfected; we did not begin them until ten years ago."

In the preceding pages I have endeavored to show, after a careful examination of the testimony brought before the Committee, that the objects which the friends of consolidation expect to gain by that measure are not likely to be gained, and that, consequently, it would not be wise or judicious for the Legislature to recommend or allow the adoption of that

measure. But there are also some positive objections to the proposed measure.

The principal objection is, that great corporations are not desirable. I am not disposed to join in the crusade against all corporations. Owing to the condition of our country, the greater distribution of property and the consequent rarity of very large fortunes, owing to our political institutions, which leave to the enterprise of the citizens what under other forms of government is done by the State, many useful enterprises must be undertaken and carried on by the instrumentality of corporations, or not undertaken at all. Personal responsibility is so apt, in corporations, to vanish out of sight, that there is a constant danger of things being done by corporations which would not be attempted by individuals directly and personally responsible. This danger of abuse increases with the extent of the corporation. I readily grant, that frequently emergencies occur when a desirable object would be gained more easily and quickly if the power of two or more bodies were concentrated into one guided by one mind. Just so in our political condition. It frequently happens that the accomplishment of a desirable object is delayed by the complicated machinery of our responsible government, when it might be secured at once through the action of the one-man power. Every one knows this and understands it; yet few will be found willing to give up the security which our institutions afford to every citizen, and every interest, for the purpose of gaining, in some isolated instances, a greater efficiency. I must confess, I was somewhat surprised at the readiness with which witnesses and counsel, favoring the consolidation scheme, advocated what they called the one-man power. One of the counsel went so far as to declare that the corporation should be *compelled* to carry out the policy favored by him. I am inclined to think that the able and energetic counsel would, after some reflection, modify his view, especially if he should happen to be employed by the opposite party.

That the power of the consolidated corporations would be

great, and might be dangerous to other interests, and to the independence of the State itself, admits of no doubt, although the mere mention of such danger was received by some of the parties with scornful ridicule. The example of other States proves this conclusively. The baneful, selfish influence exercised by the New-Jersey Railroad, not only over the internal-improvement policy, but over the politics of that State, is generally acknowledged. It would not be gratifying to the self-respect of a Massachusetts citizen if some future President of the consolidated Western and Worcester Railroads should boast of carrying the State of Massachusetts in his breeches pocket. The admissions of the able President of the Michigan Central Railroad, as to the political and legislative abuses connected with the affairs of the New-York Central Railroad, are full of warning. The declaration of Mr. Twitchell, that he should deem it his duty to use his power and influence for the purpose of controlling or destroying a competing road, struck me as very significant. The case of the Hoosac-tunnel enterprise shows, to the satisfaction of any disinterested, fair-minded man, how much a feeble and local enterprise, in the hands of determined and persevering men, can accomplish in our Legislature, by the well-known legislative machinery of log-rolling. All this should deter us from placing excessive, irresponsible, and uncontrollable power in the hands of one large corporation, essentially governed and directed by one mind. The president of the consolidated road would govern and direct over two thousand men, who owe their bread to him. Will he, or will he not, have the means of deciding a closely-contested election? especially, if the principle enunciated and justified, some years ago, by the agent of a manufacturing corporation in our own State, be adopted, that a corporation has a right to regulate the voting of its dependents.

The possibly, nay probably, injurious influence of the consolidated corporation upon the full development and exercise of the principle of competition,—a principle which may undoubtedly be carried to an unwise extent, but is, after all,

the very life of a free and satisfactory condition of business,— is another evident danger on which I need not dwell, after the significant testimony of Messrs. Brooks and Twitchell. The former says: “If the consolidation takes place, rival lines will much less be built.” The latter says: “Consolidation would be injurious to the Norwich and Nashua roads, and prevent the building of the Gardner road. The Western road would use their influence and money to prevent the building of the Gardner road, even if it were for the interest of the State.” It is true that Mr. Chapin says on this point, “I don’t think consolidation would injure the Norwich and Worcester Railroad. I think it would not be for the interest of any road to force business out of its natural channel. I don’t think there would be any profits made in doing that. Interest would be one of the controlling elements in the government of the road. I don’t think the consolidated road would be in favor of crushing out the Norwich road. It is not my opinion that it would be the policy of any body to break down the Norwich road. Such a thing may have been done, and may be done again, but if my opinion is asked, as a railroad man,—a man interested in transportation, which has been my business all my life,— I would say, meet fair competition everywhere, but introduce no competition for the purpose of breaking down any body.” This is, indeed, the opinion of a man of large experience, and, as such, of great value, but it is an opinion only. Mr. Chapin’s character would be a guaranty, if the management of the consolidated roads were entrusted to him, that his administration would be fair and liberal; but what assurance is there that he, or one like him, would be the manager?

This is a brief, but I trust, intelligible statement of the considerations which led me to vote with the majority of the Committee, that the petitioners have leave to withdraw.

